

AQUAFIN NV

CORPORATE GOVERNANCE CHARTER

2020 VERSION – APPROVED BY THE BOARD OF DIRECTORS ON 22 JANUARY 2021

THE FIRST VERSION OF THE CHARTER WAS APPROVED BY THE BOARD OF DIRECTORS ON 26 JANUARY 2006

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Table of Contents:

INTRODUCTION.....4

1 GOVERNANCE STRUCTURE.....5

1.1 LEGAL STRUCTURE5

1.2 CORPORATE GOVERNANCE STRUCTURE5

2 OWNERSHIP.....6

2.1 OWNERSHIP AND CONTROL STRUCTURE.....6

2.2 GENERAL MEETING OF SHAREHOLDERS6

2.2.1 *Ordinary and Extraordinary General Meetings*.....6

2.2.2 *Agenda*.....6

2.2.3 *Convening formalities*.....6

2.2.4 *Chairing of meetings and voting*.....7

2.2.5 *Minutes*.....7

2.3 GENERAL MEETING OF BONDHOLDERS7

2.3.1 *Convening formalities*.....7

2.3.2 *Participation formalities*.....7

2.3.3 *Representation of bondholders*.....8

2.3.4 *Chairing of meetings and voting*.....8

2.3.5 *Minutes*.....8

3 BOARD OF DIRECTORS: INTERNAL REGULATIONS.....9

3.1 COMPOSITION AND APPOINTMENT9

3.1.1 *Composition*.....9

3.1.2 *Appointment*.....9

3.1.3 *Independence criteria*10

3.1.4 *Duration of appointment*.....11

3.2 POWERS OF THE BOARD OF DIRECTORS.....11

3.2.1 *The role of the Board of Directors*.....11

3.2.2 *Powers of the Board of Directors*.....11

3.2.3 *Delegation of powers*.....12

3.3 FUNCTIONING OF THE BOARD OF DIRECTORS12

3.4 ROLE OF THE CHAIRMAN13

3.5 ROLE OF THE COMPANY SECRETARY14

3.6 INTRODUCTION AND TRAINING14

3.7 EVALUATION OF EFFECTIVENESS14

4 ADVISORY COMMITTEES WITHIN THE BOARD OF DIRECTORS.....15

GENERAL PROVISIONS.....15

4.1 AUDIT COMMITTEE: INTERNAL REGULATIONS15

4.1.1 *Composition*.....15

4.1.2 *Responsibilities*.....16

4.1.3 *Functioning of the Audit Committee*.....17

4.1.4 *Reporting to the Board of Directors*.....18

4.1.5 *Evaluation of effectiveness*.....18

4.1.6 *Accessibility*.....18

4.2 APPOINTMENTS AND REMUNERATION COMMITTEE: INTERNAL REGULATIONS.....19

4.2.1 *Composition*.....19

4.2.2 *Responsibilities*.....19

4.2.3 *Functioning of the Appointments and Remuneration Committee*.....20

4.2.4 *Reporting to the Board of Directors*.....20

4.2.5 *Evaluation of effectiveness*.....20

- 5 MANAGEMENT TEAM: INTERNAL REGULATIONS..... 21**

 - 5.1 COMPOSITION..... 21
 - 5.2 APPOINTMENT..... 21
 - 5.3 POWERS OF THE MANAGEMENT TEAM 21
 - 5.3.1 *The role of the management team*..... 21
 - 5.3.2 *Powers of the management team*..... 21
 - 5.4 FUNCTIONING OF THE MANAGEMENT TEAM..... 22
 - 5.4.1 *Meetings*..... 22
 - 5.4.2 *Reporting to the Board of Directors*..... 23
 - 5.4.3 *Supervision and evaluation by the Board of Directors*..... 23
 - 5.4.4 *Conflicts of interest*..... 23
 - 5.4.5 *Discharge*..... 23
 - 5.5 MISCELLANEOUS PROVISIONS 24

- APPENDIX 1: AQUAFIN’S REMUNERATION POLICY 25**

 - A. REMUNERATION POLICY FOR DIRECTORS..... 25
 - B. REMUNERATIONPOLICY FOR THE MANAGEMENT TEAM..... 25
 - C. CONTRACTS OF THE GENERAL MANAGER AND OTHER MEMBERS OF THE MANAGEMENT TEAM..... 25
 - D. DISCLOSURE OF REMUNERATION POLICY..... 26

- APPENDIX 2: GUIDELINES REGARDING CONFLICTS OF INTEREST AND INTEGRITY POLICY 27**

 - A. CONFLICTS OF INTEREST INVOLVING DIRECTORS..... 27
 - B. CONFLICTS OF INTEREST INVOLVING THE MANAGEMENT TEAM 27
 - C. INTEGRITY POLICY AND REPORTING PROCEDURE 27

Introduction

Aquafin NV (referred to below as Aquafin, Aquafin NV or the Company) focuses continuously on optimising its governance, accounting processes and the management of its activities. In doing so, we strive for integrity and transparency in decision-making and reporting.

Good corporate governance is a key tool for looking after the interests of all stakeholders. Aquafin NV applies the principles set out in the Belgian Corporate Governance Code. This is fundamental to making optimum use of the financial resources made available to the Company by the shareholders.

The implementation of organisational and operational rules makes the decision-making process within the Company's board of directors (the '**Board of Directors**'), the various committees formed from among the members of the Board of Directors the '**committees**') and the management team ('**MT**') more transparent, taking into account the interests of the Company, the interests of the shareholders and of all parties directly or indirectly involved in the Company, known as the 'stakeholders'.

On 9 December 2004, the Belgian Corporate Governance Committee published its Corporate Governance Code, referred to as the Belgian Corporate Governance Code, revised on 12 March 2009 and superseded by the 2020 Corporate Governance Code (CG Code).

This Corporate Governance Charter (the '**CG Charter**') is accompanied by a corporate governance statement (the '**CG Statement**'), which is incorporated in the Company's annual report (the '**annual report**').

The principles of the CG Code are adapted and applied in practice according to the specific requirements and characteristics of the Company. Any deviations are explained in the CG Statement contained in the annual report.

The original CG Charter of Aquafin NV was approved by the Board of Directors on 26 January 2006 and by the General Meeting in May 2006. The Board of Directors will revise the CG Charter on a regular basis according to the governance structure and developments in the Corporate Governance policy. The latest version of the CG Charter will be published on the website (www.aquafin.be).

The CG Charter is also supplemented by a number of appendices which form an integral part of the Corporate Governance policy within the Company:

- Aquafin's remuneration policy
- guidelines regarding conflicts of interest and other transactions

In order to form a complete picture, this Charter should be read in conjunction with the latest version of the Company's annual report, within which the CG Statement describes the specific application of the policy for the past financial year.

The Belgian Corporate Governance Code is referred to in the rest of this document as the CG Code. The Corporate Governance Charter of Aquafin NV will be referred to as the CG Charter. "Articles of association" refers to the articles of association of Aquafin NV, which can be viewed on the Company's website. "CAC" refers to the Belgian Companies and Associations Code, unless otherwise specified. Company refers to Aquafin NV. The members of the Board of Directors are referred to below collectively as 'directors' and individually as 'director'.

1 Governance Structure

1.1 Legal structure

Aquafin NV is a public limited company (*naamloze vennootschap*) incorporated under Belgian law. The Company was incorporated on 25 April 1990 on the initiative of the Flemish Region. A coordinated version of the Company's articles of association is available on the Company's website (www.aquafin.be).

1.2 Corporate Governance structure

Aquafin has opted for the single-tier governance model. The Board of Directors is the Company's highest decision-making body and is authorised to perform all actions required or necessary to achieve the Company's objects, with the exception of those actions that are reserved for the General Meeting, by law or by the articles of association.

The Board of Directors aims for sustainable value creation by defining the company's strategy, by assembling an effective, responsible and ethical leadership team and by monitoring the Company's performance. The Board of Directors is assisted in this by two advisory committees: the Audit Committee and the Appointments and Remuneration Committee. They advise the Board of Directors on decisions to be taken and on specific matters. The ultimate decision-making power lies with the Board of Directors.

The Board of Directors has established an "executive body" in accordance with article 22 of the articles of association and article 7:121 CAC. The management team is responsible for the day-to-day management.

At least once every five years, the Board of Directors evaluates whether the governance structure chosen is still appropriate.

2 Ownership

2.1 Ownership and control structure

The ownership and control structure of the Company – as well as all cross-shareholdings comprising more than 5% of the shares or voting rights – shall be disclosed, insofar as the Company knows this or as soon as it becomes aware of this. This information is also included in the Corporate Governance Statement in the annual report.

As of 19 May 2020, Participatie Maatschappij Vlaanderen (PMV) is Aquafin's sole shareholder. The transfer took place in accordance with the Flemish coalition agreement, which stipulated that our former shareholder, the Flemish Environmental Holding (VMH), would be wound up. PMV actually merged with VMH on 19 May 2020, via an acquisition. Consequently, PMV is the controlling shareholder.

There are no cross-shareholdings.

2.2 General Meeting of shareholders

2.2.1 Ordinary and Extraordinary General Meetings

The Ordinary General Meeting of shareholders is held on the third Tuesday of April at 11 am. If this day is a public holiday, the meeting is held on the next working day, unless this is a Saturday.

The company ensures equal treatment of all shareholders.

As stipulated in the articles of association, a special or extraordinary General Meeting may be convened at any time to discuss any matter falling within its powers.

In addition to this, the Board of Directors and the statutory auditor are obliged to convene the General Meeting within three weeks when one or more shareholders representing 10% of the capital so request. The notice of the meeting must contain the items placed on the agenda by the shareholder(s) concerned.

All General Meetings are held at the address of the company's registered office or in any other location in Belgium indicated in the notice of the meeting.

2.2.2 Agenda

The Board of Directors sets the agenda for each General Meeting.

Shareholders who wish to place an item on the agenda for a General Meeting can do so in accordance with point 2.2.1. The shareholders concerned should propose this to the Board of Directors in good time. The Board of Directors shall consider the proposal. They shall allow for the interests of the Company, the statutory notice period for the General Meeting and a reasonable period for the Board of Directors to deliberate this.

Motions for the Ordinary General Meeting must be received by the Board of Directors at least two months before the date of this General Meeting.

2.2.3 Convening formalities

Aquafin aims to inform the shareholder(s) of each General Meeting fully and in good time.

The shareholders, the directors and, where applicable, the statutory auditor shall be invited to attend the General Meeting at least fifteen days in advance via the email address supplied by them for this purpose in accordance with article 2:32 CAC.

If the Company does not have the email address of someone who must be invited, the notice of the meeting shall be sent to them by ordinary mail, on the same day as the aforementioned emails.

The notice of the meeting shall include the full agenda containing the items to be discussed. Copies of all reports and other documents that are to be submitted to the General Meeting shall be enclosed with the notice of the meeting.

2.2.4 Chairing of meetings and voting

The Chairman of the Board of Directors shall chair General Meetings. In his absence, another director shall perform this duty.

The Chairman shall ensure that sufficient time is allowed to answer relevant questions from shareholders regarding the financial statements and other items on the agenda.

Each share gives the right to cast one vote.

2.2.5 Minutes

Minutes shall be taken of every General Meeting. The minutes of the General Meeting shall be signed by the officers and by those shareholders who ask to do so. They shall be kept at the registered office of the Company.

Copies of and extracts from the minutes of General Meetings shall be validly signed by the person appointed as company secretary. Copies of and extracts from the minutes shall be signed by two directors in cases where they are to be presented in legal proceedings.

2.3 General Meeting of bondholders

2.3.1 Convening formalities

Until such time as all bonds issued by the company have been redeemed in full, a General Meeting of bondholders may be convened at any time. Bondholders shall be invited to attend the General Meeting in accordance with the provisions of the articles of association and the CAC.

The Board of Directors and the statutory auditors may convene a General Meeting of bondholders. They are obliged to convene this meeting within three weeks when this is requested by bondholders representing one fifth of the securities in circulation.

Notices of General Meetings of bondholders are also published on the website. (www.aquafin.be).

2.3.2 Participation formalities

The right to participate in the General Meeting is conditional on the filing of a declaration by a recognised account holder or settlement institution, via the financial institution at which the bonds are kept in a securities account, in the location indicated in the notice of the meeting, at least five days before the date of the meeting. A list of those attending shall be kept for every meeting.

This requirement does not apply to holders of registered bonds entitled to participate in the meeting on the basis of their entry in the register.

2.3.3 Representation of bondholders

Each bondholder may arrange to be represented at the General Meeting by a proxy, who may or may not be a bondholder. The Board of Directors may specify the form of proxies. They must be filed at the registered office at least five days before the date of the meeting.

2.3.4 Chairing of meetings and voting

The General Meeting of bondholders shall be chaired by the chairman of the Board of Directors or failing this by another director. The chairman shall appoint a secretary and choose two scrutineers from among the bondholders present.

The meeting can only deliberate validly and pass resolutions if those attending represent at least half of the amount of existing bonds.

2.3.5 Minutes

The minutes of the General Meeting shall be signed by the officers and by those bondholders who ask to do so.

3 Board of Directors: internal regulations

These principles and policies are by no means intended to alter or interpret any law or regulation or the articles of association of the Company but are additional provisions for the governance of the company.

3.1 Composition and appointment

3.1.1 Composition

The Board of Directors shall comprise at least three members. The General Meeting alone is authorised to determine the number of directors.

Aquafin aims for a Board of Directors that is on the one hand large enough so that members can contribute experience and knowledge from various fields and on the other hand small enough to enable efficient decision-making. The Board of Directors is composed so that there is sufficient expertise regarding the various activities of the Company, as well as sufficient diversity in competencies, background, age and gender.

With regard to the composition of the Board of Directors, it shall be ensured that at least half of the members of the Board of Directors are non-executive directors.

The Board of Directors currently consists of ten members. All members are non-executive directors.

At least three of the non-executive directors have the status of independent director according to the independence criteria set out in the CG Code (see 3.1.3 below).

A list of the members of the Board of Directors, indicating the independent directors, shall be published in the CG Statement with the annual report.

The General Manager and the other members of the management team have a standing invitation to attend the meetings unless the Board of Directors wishes to meet alone. The General Manager and the other members of the management team have only advisory competence.

3.1.2 Appointment

The directors shall be appointed by the General Meeting based on nomination by the Board of Directors. Directors shall be nominated in accordance with the appointment procedure and selection criteria compiled by the Board of Directors for this purpose.

Following the submission of a motion for the appointment of a new director, the Board of Directors shall evaluate the competencies, knowledge and experience which already exists and is required. Taking account of gender diversity, the qualities sought shall be relevant technical knowledge, expertise and experience in management, business, cooperation between government and industry and financial expertise. According to the procedure set out in the internal regulations of the Appointments and Remuneration Committee (see 4.2.2 below), suitable candidates of integrity will be sought who match the profiles for the individual directors.

If it is proposed to re-appoint a director, the rest of the directors shall evaluate the individual contribution of the director in question to the proper functioning, deliberations and decision-making of the Board of Directors. Particular attention shall be paid to the evaluation of the various chairmen (of the Board of Directors and the committees).

The Board of Directors shall nominate candidates for appointment as member of the Board of Directors to the General Meeting. This nomination shall be accompanied by a recommendation by the Board of Directors and contain relevant information on the candidate's professional qualifications, together with

a list of positions the candidate already holds. The Board of Directors shall indicate which candidates fulfil the independence criteria (see 3.1.3 below).

Non-executive directors may hold no more than five directorships in listed companies. If the person concerned accepts an additional directorship – so that this limit is exceeded – he shall inform the Chairman of the Board of Directors of this immediately. The Chairman shall also be informed in the event of a change to a directorship.

3.1.3 Independence criteria

The (minimum of three) independent directors must fulfil the criteria set out in the CG Code also referred to in article 7:87 CAC.

1. not be a member of the executive management or exercise the role of a person charged with the day-to-day management of the Company or an affiliated company or person, nor have held such a position during a period of three years preceding the appointment. Or no longer enjoy share options for the Company in relation to this post;
2. have held the post of non-executive director for no longer than 12 years;
3. not be one of the senior managing officials (in accordance with article 19(2) of the Belgian law of 20 September 1948 on the organisation of the economy) of the Company or of an affiliated company or person, nor have held such a position during a period of three years preceding the appointment. Or no longer enjoy share options for the Company in relation to this post;
4. neither during their directorship, nor for a period of three years preceding the appointment, receive or have received any substantial remuneration or other significant advantage of a pecuniary nature from the Company or from an affiliated company or person, other than the remuneration they receive or have received as a non-executive director.
5. a. own no shares, directly or indirectly, individually or jointly, representing in total one tenth or more of the Company's capital or one tenth or more of the voting rights in the Company at the time of the appointment;
b. under no circumstances be nominated by a shareholder fulfilling the requirements defined in (a);
6. have no significant business relationship or have had none during the year preceding the appointment with the Company or with an affiliated company or person, either directly or as a partner, shareholder, member of the Board or one of the senior managing officials (in accordance with article 19(2) of the Belgian law of 20 September 1948 on the organisation of the economy), of a company or person maintaining such a relationship;
7. in the three years preceding the appointment not be or have been a partner or member of the audit team of the Company or the person who is the external auditor of the Company or an affiliated company or person, or have been so during the last three years before the appointment;
8. not be a member of the executive management of another company on which a member of the executive management of the Company sits in the capacity of non-executive director, and have no other significant links with executive directors of the Company based on roles with other companies or bodies;
9. have no spouse, legally cohabiting partner or relation by blood or marriage up to the second degree who holds a directorship or is a member of the executive management or person charged with the day-to-day management or a senior managing official (as defined in article 19(2) of the Law of 20 September 1948 on the organisation of the economy) in the Company or in an affiliated company or person, or who falls under the other cases described in points 1. to 8., and in relation to point 2., for three years after the family member in question ended his last post.

Independent directors who no longer fulfil one of the independence criteria shall inform the company secretary of this immediately. Should the Company nonetheless decide to retain such directors as independent directors, the Board of Directors shall clarify the reasons for this deviation in the CG Statement in the annual report.

If one or more of these criteria is not met, the company shall set out the reasons why it still considers the director in question to be independent for the purposes of article 7:87(1) CAC.

3.1.4 Duration of appointment

Directors may be appointed for a term of office of six years, but shall normally be appointed for a term of office of three years. Their directorship shall terminate at the closure of the annual meeting held in the year in which the term of office ends. The General Meeting may dismiss the directors at any time. Outgoing directors may be re-appointed subject to the current statutory provisions.

When a director reaches the age of 70 years, he shall vacate his directorship at the next General Meeting.

3.2 Powers of the Board of Directors

3.2.1 The role of the Board of Directors

The Board of Directors is the highest decision-making body within the Company with the exception of the powers reserved for the General Meeting by law and the articles of association, and the powers delegated to the management team (see 5.3.2 below).

The role of the Board of Directors consists in aiming for sustainable value creation by the Company by defining the Company's strategy, by assembling an effective, responsible and ethical leadership and by overseeing the Company's performance. The Board of Directors shall determine the Company's readiness to take risks in order to realise the Company's strategic objectives.

The Board of Directors shall promote effective dialogue with the shareholder, via appropriate measures, bearing in mind the objectives and interests of both parties. The Board of Directors shall encourage the controlling shareholder to comply with the CG Charter.

The Board of Directors shall support the management team in carrying out its duties and offer the management team constructive criticism where appropriate.

Directors shall also be available for advice outside meetings of the Board of Directors.

3.2.2 Powers of the Board of Directors

The Board of Directors is authorised to perform all acts necessary or useful for the achievement of the Company's objects, except those which, by law, only the General Meeting of the shareholders is authorised to perform, and those which are delegated to the management team. The Board of Directors governs the Company as a collegiate body, determines policy, oversees the day-to-day management and is accountable for this to the General Meeting.

Other than the powers reserved for the Board of Directors by law or by the articles of association, the following powers also belong exclusively to the decision-making powers of the Board of Directors:

- taking decisions regarding the general business strategy
- setting the corporate budget
- overseeing the performance of the day-to-day management
- recruiting and dismissing directors or managing directors except dismissal for urgent cause
- entering into agreements and/or conducting correspondence with the Flemish Government, the Flemish Parliament or members of these institutions;
- entering into agreements – excluding those with contractors and consulting firms for projects under an investment or optimisation programme – in excess of €2,500,000
- bringing legal actions in which Aquafin's claim exceeds €2,500,000;
- obtaining legal opinions and bringing legal actions concerning the agreement with the Flemish Region.

The Board of Directors is also charged with the following responsibilities (non-exhaustive list):

- approving operational plans and key policies developed by the management team in order to implement the Company's approved strategy

- determining the Company's readiness to take risks in order to realise the Company's strategic objectives
- overseeing the performance of the day-to-day management
- approving and evaluating the composition, powers and functioning of the advisory committees in the context of Corporate Governance
- approving and evaluating the existing systems of internal control and risk management, the key features of which are set out in the CG Statement in the annual report.
- evaluating and overseeing the financial and operational results including the quality and completeness of financial reporting and the timely publication of the information required by law;
- evaluating and overseeing the performance of the statutory auditor and internal audit
- approving the CG Charter and overseeing compliance with this
- approving the integrity policy and overseeing compliance with this

In case of extreme urgency, the Chairman of the Board of Directors shall reach a decision together with a second director. The decision shall be ratified at the next meeting of the Board of Directors. Without prejudice to the powers of representation of the Board of Directors as a body, the company shall be validly represented, in or out of court, by two directors, acting jointly in matters not expressly entrusted to the management team.

3.2.3 Delegation of powers

The Board of Directors has decided to establish an executive body, the management team, in accordance with the provisions of the articles of association.

The management team shall exercise the powers relating to day-to-day management, and all transferrable powers except for those powers reserved for the Board of Directors according to the statutory provisions, the Company's articles of association and the internal regulations of the Board of Directors.

The management team is thus charged among other matters with the legal representation of the Company, in and out of court. The management team may in turn delegate some or all of its powers. Such delegation of powers is set out in a delegation decision.

The responsibilities of the management team are set out in the internal regulations of the management team (see 5.3 below).

3.3 Functioning of the Board of Directors

The Board of Directors shall meet, having been convened by the Chairman or, failing this, by any director, as often as the company's interests require, as well as within fourteen calendar days after a request by at least two directors to this effect.

The Board of Directors shall meet at least five times a year. The dates shall be determined at the beginning of the year at the latest.

Meetings of the Board of Directors shall be held either in person at the location indicated in the notice of the meeting, or remotely via conference call or video conference using telecommunications technology which allows all participants in the meeting to communicate directly with all other participants.

Attendance of directors at meetings of the Board of Directors is assumed. The number of meetings and the individual attendance lists for directors are published in the CG Statement.

Directors shall receive a detailed agenda one week before the date of the meeting of the Board of Directors. In addition, directors shall receive accurate, concise, timely and clear information for meetings and, if necessary, between meetings, so that they can make a well-founded and informed contribution to the discussions.

The members of the Board of Directors should set aside sufficient time to study this information before the meeting.

The Board of Directors may only deliberate and decide on matters mentioned on the agenda and only on condition that at least half of its members are present or validly represented at the meeting. A director may only receive proxies from two other directors. The Board of Directors may only legally deliberate and decide on matters not on the agenda when all members are present at the meeting and agree to this. The agenda shall be divided between items presented to the directors for approval and for informational purposes.

Resolutions shall be passed by a simple majority. In case of a tie, the director chairing the meeting shall have the casting vote.

In the interests of the Company, the Board of Directors shall endeavour as far as possible to pass resolutions unanimously, with all directors respecting the necessary independence.

Items shall be introduced by the Chairman, the General Manager, or the Chairman of a committee depending on the matter under discussion. If the General Manager so wishes, he may invite a member of the management team or management to introduce an item.

The members of the Board of Directors shall not use the information obtained by them in their capacity as director for any other purpose than for the exercise of their powers.

The directors shall arrange their personal and business interests in such a way that conflicts of interest with the Company are avoided.

The minutes of the meeting shall be drawn up by the company secretary and provide a summary of the discussions, specify the resolutions passed and mention any reservations on the part of certain directors. The names of the persons involved shall be included only at their express request. The minutes shall also contain any disclosures of conflicts of interest and abstentions required pursuant to the conflict of interests rules. After being reviewed by the Chairman, the minutes shall be sent to the other members of the Board of Directors prior to the convening of the next meeting of the Board of Directors.

In the interests of the Company, the directors may obtain independent professional advice, at the Company's expense, on condition that this initiative is approved by simple majority of the non-executive directors based on a reasoned request.

3.4 Role of the Chairman

In accordance with article 18 of the articles of association, the Board of Directors shall elect a Chairman from the members. If the Chairman is otherwise engaged, he shall be replaced by another director. In matters where the Chairman has a conflict of interest, the Board of Directors shall put in place a procedure for choosing a substitute chairman.

The Chairman shall direct the Board of Directors and take the necessary measures to facilitate open debate within the Board of Directors and enable a climate of trust to be established. The Chairman shall ensure that there is sufficient time for reflection and debate before coming to a decision.

The Chairman has the following responsibilities:

- gathering all information necessary to enable the Board of Directors to exercise its powers as defined above (in point 3.2) effectively and independently
- convening and chairing meetings of the Board of Directors;
- determining the agenda of meetings of the Board of Directors, in consultation with the General Manager and company secretary;
- supervising the correct following of procedures regarding the preparation, deliberation, approval and execution of decisions;
- ensuring that directors receive accurate and clear information prior to meetings, and where applicable between meetings, and that all directors possess the same information;
- overseeing the appointment process, in consultation with the Appointments and Remuneration Committee. In case of a proposal for a new appointment, the Chairman shall ensure that the Board of Directors – before considering a nomination – is in possession of sufficient information concerning the candidate;
- ensuring that newly appointed directors receive appropriate initial training;

- maintaining a close relationship with the General Manager, providing support and advice while respecting the executive responsibilities of the General Manager
- ensuring effective interaction between the Board of Directors and the management team;
- leading the evaluation process of the Board of Directors.

3.5 Role of the company secretary

The Board of Directors shall appoint a company secretary to advise the Board on all governance matters. The tasks of the secretary also include:

- supporting the Board of Directors and its committees in all governance matters
- preparing the CG Charter and the CG Statement
- guaranteeing an effective flow of information within the Board of Directors and its committees and between the management team and non-executive directors
- accurately recording the essence of the discussions and decisions in the minutes of meetings of the Board of Directors
- facilitating appropriate initial training for newly appointed directors.

Directors have access to the company secretary on an individual basis.

3.6 Introduction and training

The Chairman of the Board of Directors, assisted by the secretary, is responsible for organising the necessary introduction for new directors. The values and objectives of the Company and the functioning of its bodies are explained in detail.

The responsibilities and tasks of directors, both within the Board of Directors as well as in the committees to which he belongs, are set out. In addition to this, the director is introduced to the functioning of the Company, its relationship with customers and funding flows, together with an overview of its current position and stakeholders. This introduction helps to ensure rapid full participation within the Board of Directors or a committee.

3.7 Evaluation of effectiveness

The Board of Directors evaluates on a regular basis, at least every three years, its own performance, its interaction with the management team and the scope, composition and functioning of the Board and the committees. The purpose of the evaluation is to assess the current composition of the Board of Directors or the committees in the light of the desired composition of the Board of Directors or the committees.

Key elements of the evaluation process of the Board of Directors, the committees and the individual directors are set out by the Board of Directors in the CG Statement.

The relationship and interaction with the management team are also reviewed. The directors receive an analysis of this from the Appointments and Remuneration Committee. For the purpose of evaluating this interaction, the directors shall meet at least once a year, without the General Manager being present.

4 Advisory committees within the Board of Directors

These principles and policies are by no means intended to alter or interpret any law or regulation or the articles of association of the Company but are additional provisions for the governance of the company.

General provisions

The Board of Directors has set up two committees: the Audit Committee and the Appointments and Remuneration Committee. These committees have a purely advisory role as far as the Board of Directors is concerned. The committees assist the Board in specific areas in which they have detailed knowledge and make recommendations to the Board of Directors. However, the Board of Directors alone has the authority to take decisions.

Each committee is composed of at least three non-executive members. The Board of Directors ensures that each committee has a balanced composition overall and possesses the necessary independence, competencies, knowledge, experience and capacity to carry out its tasks effectively.

The Board of Directors supervises the advisory committees. The composition, responsibilities and functioning of each committee are determined by the Board of Directors and set out in their internal regulations.

Members of the management team and the management may be invited to attend committee meetings or part of them and to provide relevant information and insights relating to their area of responsibility.

Each committee possesses all the resources that it considers necessary to fulfil its tasks. The committee may obtain independent advice regarding legal, accounting or other matters within its remit, after the Chairman of the Board of Directors has been informed of this.

Each committee shall constantly update the internal regulations according to any developments and submit any changes to the Board of Directors. The latest version of the internal regulations is included in the CG Charter published on the Company's website.

4.1 Audit Committee: internal regulations

4.1.1 Composition

The Board of Directors shall appoint the members and the Chairman of the Audit Committee. The Board of Directors shall determine the composition of the Audit Committee so that it possesses sufficient relevant knowledge, concerning financial matters in particular, to fulfil its role effectively and ensure optimal functioning.

The Audit Committee currently consists of five members of the Board of Directors. All members of the Audit Committee are non-executive directors. At least a majority of the Audit Committee shall consist of independent directors. If the nature of share ownership does not allow there to be a majority of independent directors on the committee, the Board of Directors shall justify this derogation in the CG Statement in the annual report. At least one member must have experience in the areas of accountancy and auditing.

The committee shall be chaired by one of its members. The Chairman of the Audit Committee shall be an independent director. The Chairman of the Board of Directors cannot chair the Audit Committee. The Chairman of the Board of Directors, the General Manager, and the Finance & Procurement Director have open invitations to participate in meetings unless the Audit Committee wishes to meet in private. They have a purely advisory role. The Committee may also invite non-members to attend all or part of the meeting.

The end of the directorship of a member of the Audit Committee shall automatically lead to the end of his position on the Audit Committee.

4.1.2 Responsibilities

The main function of the Audit Committee is to assist the Board of Directors in the exercise of its mission of control, in the broadest sense, including (A) financial reporting, (B) the internal control system and risk management, (C) the internal audit process and (D) the external audit process.

(A) Financial reporting

The Audit Committee oversees the integrity of the annual financial information. This involves evaluating the accuracy, completeness and consistency of the information, paying particular attention to:

- the correct and consistent application of accounting principles and valuation rules, including recent professional and regulatory changes and their impact on financial reporting
- key points involved in an evaluation of the management team, including any current judicial and fiscal disputes
- audit differences identified by the external auditor and the required adjustments. The audit results, including any problems, adjustments, unexplained differences and differences of opinion, shall be discussed with the management team and the external auditor.

The Audit Committee supervises compliance with all main statutory provisions, compliance provisions or regulations which could have a significant impact on the Company's financial statements or activities or compliance policy.

The management team shall inform the Audit Committee of significant and exceptional transactions if these can be processed in the accounts in different ways. Such critical accounting methods shall be discussed with the external auditor.

In addition to this, the Committee shall also study other parts of the annual report and check all other financial information before it is published to ensure that it corresponds to the information in the statutory financial statements.

(B) Internal controls and risk management

The Audit Committee shall evaluate on an annual basis the systems for internal control and risk management set up by the executive management to ensure that the main risks (including the risks relating to conformity with existing legislation and regulations) are suitably identified, managed, and reported. Since the Board of Directors has to monitor this, the Audit Committee shall draw up an evaluation.

The Audit Committee shall check statements about internal controls and risk management contained in the annual report.

The Audit Committee shall analyse the internal and external audit reports regarding internal controls concerning financial reporting and how the management team develops the interim financial information. In addition to this, it shall also study the efficiency of the systems that are implemented to ensure compliance with all statutory and regulatory provisions applying to the Company.

The Audit Committee shall investigate on an annual basis notifications of irregularities received under the integrity reporting procedure. An independent investigation shall be performed when necessary.

(C) The internal audit process

The Audit Committee shall make recommendations regarding the selection, appointment, and dismissal of the internal auditor(s) and the budget of the relevant department. The Audit Committee shall also analyse whether the resources and skills of the internal audit team are appropriate for the nature, scope and complexity of the Company.

The Audit Committee shall take note of the audit plan and the internal audit activities while taking into consideration the complementary roles of internal and external audit. The Audit Committee may ask internal audit to fulfil certain tasks or to amend the audit plan.

The Audit Committee shall assess the efficiency and performance of the internal audit function on a regular basis. The Committee shall analyse the operating procedures of the department and take decisions regarding any amendments to the Internal Audit Charter.

The internal auditor shall report to the Audit Committee on the activities periodically. In addition to this, the Audit Committee shall evaluate the manner in which the management team implements the findings and recommendations of internal audit and evaluate the implementation of the action plans agreed on. The Audit Committee shall prepare an assessment of the performance of the internal auditor on behalf of the Board of Directors.

(D) External audit

The Audit Committee shall make recommendations to the Board of Directors regarding the selection, appointment, possible reappointment and possible dismissal of the statutory auditor and the conditions of appointment. It shall investigate the problems leading to the resignation of the statutory auditor.

The Audit Committee shall monitor the independence of the statutory auditor and to this end receive a statement from the statutory auditor setting out all links with the Company and the group. In addition to this, the Audit Committee shall provide an assessment and advice concerning prohibited/permitted non-audit services falling under article 3:63 CAC. The Committee shall ensure the application of the non-audit services policy drawn up to this end.

The statutory auditor shall confirm their independence in accordance with the statutory requirements.

Concerning the annual external audit process, the Committee shall check the work programme, the scope, and approach of the audit and evaluate the collaboration with the internal audit to guarantee efficiency and to avoid overlapping activities.

The Audit Committee shall note the reports prepared by the statutory auditor.

The Audit Committee shall assess the efficiency of the external audit process as well as the extent to which the management follows the recommendations of the statutory auditor in the management letter. The Audit Committee shall prepare an assessment of the performance of the statutory auditor on behalf of the Board of Directors.

The Committee shall be informed about possible problems that result from the activities of the external auditor in good time.

Other responsibilities

The Audit Committee shall evaluate the findings of all investigations by the competent bodies (for example tax authorities) as well as all findings of the internal or external auditor.

The Committee may also carry out any other activity entrusted to it by the Board of Directors.

4.1.3 Functioning of the Audit Committee

The Committee shall meet four times a year, or more regularly if necessary in order to accomplish its tasks properly. The Chairman of the Audit Committee shall convene the meeting. It is assumed that members shall take part in all meetings of the Audit Committee.

The members of the Audit Committee shall be notified of meetings of the Audit Committee at least seven calendar days in advance. The notification shall specify the date, time and place.

Meetings of the Audit Committee shall be held either in person at the location indicated in the notice of the meeting, or remotely via conference call or video conference using telecommunications technology which allows all participants in the meeting to communicate directly with all other participants.

At the request of the Chairman of the Audit Committee, the information that is important to the members of the Audit Committee in order to discuss the items to be deliberated during the next meeting shall be prepared by internal audit or by another person appointed by the Chairman of the Audit Committee. It is the task of the management team to provide all necessary information.

This information, together with the agenda and the draft minutes of the previous meeting, shall be made available to all members of the Audit Committee. The Chairman of the Audit Committee shall ensure that all members receive this information in time.

A meeting is only legally valid if at least half of the members are present or represented at the meeting. A director may only exercise the proxy of one other director. Decisions of the Committee shall be taken by majority vote. In the event of a tie, the Chairman of the Audit Committee shall have the casting vote.

The Audit Committee may invite the members of the management team, the external auditor, the internal auditor or the staff of the Company to attend meetings or part of them and shall provide the necessary information for this.

The Audit Committee shall meet with the external auditor at least twice a year. In addition to this, the Committee may hold confidential, private meetings with the external and internal auditor to discuss matters that either the Audit Committee or the auditors consider to require confidential discussion. The Audit Committee shall enable open communication between internal audit, external audit and the Board of Directors. The external auditor and the internal audit manager shall have direct and unrestricted access to the Chairman of the Audit Committee and the Chairman of the Board of Directors.

Minutes shall be kept of every meeting of the Audit Committee, to be submitted to and approved by the Audit Committee. Such reporting shall be used by the Chairman of the Audit Committee to inform and advise the Board of Directors and to prepare the decision of the Board of Directors.

4.1.4 Reporting to the Board of Directors

The Audit Committee is accountable to the Board of Directors for the proper exercise of its activities and powers. Consequently, the Audit Committee shall report on the activities, key points and recommendations to the Board of Directors on a regular basis.

The Board of Directors shall receive a verbal or written report on the deliberations and recommendations made after every meeting.

The Committee shall report to the Board of Directors on an annual basis, discussing the composition, responsibilities and any other information required according to the regulations.

Following the two-yearly assessment of its own effectiveness, the Audit Committee shall notify the Board of Directors of the necessary changes.

The Audit Committee shall report to the Board on the ad hoc activities relating to this regulation carried out at its request.

4.1.5 Evaluation of effectiveness

On a regular basis and at least every three years, the Audit Committee shall review its functioning and effectiveness and make recommendations for improvement to the Board of Directors.

As part of this evaluation, an individual questionnaire shall be issued to the members of the Audit Committee. The results of these questionnaires shall be discussed during a meeting of the Audit Committee and submitted to the Board of Directors.

4.1.6 Accessibility

The Chairman of the Audit Committee shall have unrestricted access to all information and all members of staff of Aquafin NV. All members of the management team and all employees of the Company are obliged to cooperate with the Audit Committee. All approaches to the members of the management team or a member of staff shall pass through the Chairman of the Audit Committee.

4.2 Appointments and Remuneration Committee: internal regulations

4.2.1 Composition

The Board of Directors shall appoint the members and the Chairman of the Appointments and Remuneration Committee. The Board of Directors shall determine the composition of the Appointments and Remuneration Committee so that it possesses sufficient knowledge, concerning human resources in particular, to fulfil its role effectively.

The Appointments and Remuneration Committee currently consists of three members, all non-executive with a majority of independent directors.

The committee shall be chaired by a non-executive director.

The General Manager has an open invitation to participate in meetings unless the Appointments and Remuneration Committee wishes to meet in private. The General Manager shall participate in the meetings of the Appointments and Remuneration Committee when this Committee discusses the appointment and the remuneration of members of the management team. The General Manager participates in a purely advisory capacity. The General Manager shall not attend the meeting of the Committee at which his own remuneration is discussed.

The Chairman of the Appointments and Remuneration Committee may invite the Chairman of the Board of Directors and/or members of the management team to attend all or part of the meeting. They shall have a purely advisory role.

The end of the directorship shall automatically lead to the end of the director's position on the Appointments and Remuneration Committee.

4.2.2 Responsibilities

The main task of the Appointments and Remuneration Committee is to assist the Board of Directors to define the outline of the company's remuneration policy. It also contributes to the objective and professional functioning of the process for appointing and re-appointing directors and the annual evaluation of the performance of the management team.

At the request of the Board of Directors, the Appointments and Remuneration Committee shall present a number of possible profiles which candidates should fit. The Committee shall compile these profiles in consultation with the shareholder since the General Meeting (re)appoints directors. In addition to this, the Appointments and Remuneration Committee shall evaluate the time which may be spent by the candidate director for the company and inform the Board of Directors of its findings concerning any changes.

At the end of each director's term of office, the Appointments and Remuneration Committee shall evaluate the director's attendance at meetings of the Board and the committees and his engagement and constructive involvement in discussions and decision-making, according to a predefined transparent procedure. The Committee shall communicate its findings to the Board of Directors, which shall then act on the basis of the results of this evaluation.

The Committee shall evaluate the scope and the composition of the Board of Directors periodically.

In addition to this, the Appointments and Remuneration Committee shall analyse the relationship and interaction between the Board of Directors and the management team.

Nominations for membership of the management team shall be presented to the Appointments and Remuneration Committee for evaluation. The Appointments and Remuneration Committee shall specify the necessary criteria for this. It shall also evaluate the management team according to the regulations compiled by it. The General Manager may submit proposals concerning the management team and shall receive the opinion of the Appointments and Remuneration Committee concerning this. The Appointments and Remuneration Committee shall also ensure that sufficient and regular attention is paid to succession planning for members of the management team.

The Appointments and Remuneration Committee shall also make recommendations regarding the remuneration policy. For the management team this involves as a minimum proposals regarding key contractual provisions (such as termination arrangements and pension schemes) and the key elements for determining this remuneration.

Each year, the Appointments and Remuneration Committee shall present a remuneration report to the Board of Directors to be added to the Corporate Governance Statement in the annual report. This remuneration report shall contain the elements listed in Appendix 1, point D.

4.2.3 Functioning of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee shall meet at least twice a year, or whenever circumstances require. The Chairman of the Appointments and Remuneration Committee shall convene the meeting. It is assumed that members will take part in all meetings of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee shall only deliberate if at least two members are present at the meeting. A director may only exercise the proxy of one other director.

Decisions of the Appointments and Remuneration Committee shall be taken by majority vote.

4.2.4 Reporting to the Board of Directors

The Appointments and Remuneration Committee shall inform the Board of Directors in a timely manner of major developments falling within its remit. Furthermore, the Appointments and Remuneration Committee guarantees that it will inform the Board of Directors verbally of important matters.

4.2.5 Evaluation of effectiveness

The Appointments and Remuneration Committee shall perform an evaluation (self-assessment) of its effectiveness and efficiency once every three years.

As part of this evaluation, an individual questionnaire shall be issued to the members of the Appointments and Remuneration Committee. The results of this shall be discussed during a meeting of the Appointments and Remuneration Committee and submitted to the Board of Directors.

5 Management team: internal regulations

These principles and policies are by no means intended to alter or interpret any law or regulation or the articles of association of the Company but are additional provisions for the governance of the company.

5.1 Composition

The Board of Directors has established an “executive body”, the management team, in accordance with article 22 of the articles of association. The management team consists of the General Manager, who leads the management team, and all other directors of the Company at a given time.

The management team shall be chaired by the General Manager of the Company, or in his absence by a member of the Managing Board appointed by him.

5.2 Appointment

The members of the management team shall be nominated and may be dismissed by the Board of Directors. In making appointments, the Board of Directors shall ensure that the management team consists of honourable persons with diverse professional backgrounds, possessing the required knowledge and experience and with complementary skills in order to fulfil their tasks properly. The Board of Directors may be assisted by the Appointments and Remuneration Committee in making appointments. The same applies to dismissals.

The members of the management team shall be appointed for an indefinite term.

5.3 Powers of the management team

5.3.1 The role of the management team

The role of the management team is to guarantee the proper functioning of the Company within the strategic lines specified by the Board of Directors and lay the necessary groundwork for policies in order to carry out Aquafin’s mission.

5.3.2 Powers of the management team

The management team shall exercise the powers relating to day-to-day management, and all transferrable powers except for those powers reserved for the Board of Directors according to the statutory provisions, the Company’s articles of association and the internal regulations of the Board of Directors.

The management team is thus charged among other matters with the legal representation of the Company, in and out of court. The company is bound, in and out of court, by two members of the management team acting jointly. The management team may in turn delegate some or all of its powers. Such delegation of powers is set out in a delegation decision.

According to the CG Code, the Board of Directors may also delegate the following powers to the management team:

- formulation of proposals to the Board of Directors with regard to the Company’s strategy and its implementation

- setting-up of internal controls, based on the framework approved by the Board of Directors;
- preparation of complete, timely, reliable and accurate financial statements for the Company in accordance with the applicable standards for financial statements and the Company's policy in this respect;
- preparation for the mandatory publication of the financial statements and other statutory financial and non-financial information;
- presentation of a clear and balanced assessment to the Board of Directors of the financial situation of the Company
- timely provision of all information required by the Board of Directors for the fulfilment of its tasks
- accounting to the Board of Directors for the performance of its tasks.

The management team possesses sufficient scope to implement the approved strategy in view of the company's risk tolerance.

5.4 Functioning of the management team

5.4.1 Meetings

The management team should preferably meet on a weekly basis and as often as is required in the interests of the Company.

Meetings of the management team shall normally be convened by the General Manager. However, any member may request the convening of a meeting of the management team.

Meetings of the management team shall be held either in person or remotely via conference call or video conference using telecommunications technology which allows all participants in the meeting to communicate directly with all other participants.

The meeting of the management team can be held validly only if at least half of its members are present or represented.

The management team is a collegiate body. Decisions shall be taken by simple majority. In the event of a tie, the Chairman/General Manager shall have the casting vote. In the interests of the Company, the management team shall endeavour as far as possible to reach decisions unanimously. A member may only exercise the proxy of one other member. This proxy must be granted in writing. A vertical proxy may only be granted following the granting of a proxy to the management team.

The Chairman of the Board of Directors has an open invitation to participate in meetings of the management team.

If desired, the management team may invite other persons to attend the meeting.

The members of the management team shall receive an agenda with accompanying documentation before the meeting.

Minutes shall be kept of every meeting and distributed among the members of the management team.

5.4.2 Reporting to the Board of Directors

The management team shall compile a quarterly overview of the most relevant indicators on behalf of the Board of Directors. This information shall be presented and discussed at the first meeting of the Board of Directors after the end of the quarter.

During its meetings, the Board of Directors shall take note of the general course of affairs and the main events or projects which have taken place since the previous meeting of the Board of Directors. If any important events which have a fundamental impact on the functioning of the Company arise, the directors shall be informed of this in writing, between scheduled meetings. This communication shall take place via the company secretary.

On request, the General Manager shall provide detailed information about the deliberations and decisions of the management team during the meetings of the Board of Directors.

5.4.3 Supervision and evaluation by the Board of Directors

The Board of Directors may request special reports on all aspects which may have a major impact on the Company from the management team or the statutory auditor.

The Board of Directors may, via its Chairman, request any information or documents from the management team and have any checks carried out. The Audit Committee (see 4.1 above – Audit Committee: internal regulations) plays a role in the supervisory activities of the Board of Directors.

The performance of the management team shall be evaluated once a year in the presence of the General Manager. However, the evaluation of the General Manager shall take place in his absence. The Appointments and Remuneration Committee closely monitors the entire procedure, which is also approved by the Board of Directors. Individual and collective objectives are set each year, based on the regulations. A certain weighting is assigned to each objective within the evaluation in advance.

5.4.4 Conflicts of interest

If a member of the management team has a direct or indirect interest of a financial nature or otherwise that conflicts with a decision or transaction within the powers of the management team, and regarding which it has to make a decision, the member in question shall inform the other members of this in advance. In this case, the management team shall remain authorised to approve the decision or the transaction and the member of the Managing Board in question shall not take part in the deliberations and decision-making.

The management team shall inform the Board of Directors of the conflict of interest and the decision reached.

A code of conduct has been drawn up for the management (comprising the management team and the Section Heads). The reasons for decisions on matters falling within the scope of this code of conduct must always be set out in the report by the management team. The Board of Directors shall receive a copy of the latter report at the next meeting.

5.4.5 Discharge

After the Board of Directors has approved the proposed financial statements and the annual evaluation of the management team, the management team shall report to the Board of Directors on the performance of its tasks during the past financial year. The Board shall then deliberate on whether or not to discharge the members of the management team.

5.5 **Miscellaneous provisions**

Every year, the management team shall review and evaluate the adequacy of these internal regulations and issue a report on this evaluation to the Board of Directors, proposing changes where necessary.

The Board of Directors may amend these internal regulations at any time and revoke the powers granted to the management team.

These internal regulations and the composition of the management team are posted on the Company's website.

Appendix 1: Aquafin's remuneration policy

On the advice of the Appointments and Remuneration Committee, the Board of Directors shall define the principles of the remuneration policy put in place to achieve the following objectives:

- to attract, reward and retain the necessary talent
- to further the realisation of the strategic objectives while respecting the Company's risk tolerance and standards of conduct
- to promote sustainable value creation.

The Board of Directors shall ensure that the remuneration policy is consistent with the Company's general remuneration framework. The remuneration policy shall be approved by the General Meeting. In the event of any material change and at least every four years, the remuneration policy shall be submitted to the General Meeting for approval. The vote of the shareholders on the remuneration policy at the General Meeting is binding.

A. Remuneration policy for directors

The Appointments and Remuneration Committee shall advise the Board of Directors regarding the remuneration policy for directors. Motions proposed by the Board of Directors at the General Meeting shall be based on the proposals and recommendations of the Appointments and Remuneration Committee in this respect and take into account the responsibilities of and time spent by the directors concerned in respect of the Board of Directors and committees. The General Meeting shall award remuneration to the directors which can be charged as general expenses.

Non-executive directors shall receive an annual fixed remuneration and a remuneration for every meeting of the Board of Directors attended. This remuneration shall be 20% higher for the Chairman of the Board of Directors.

In addition to this, non-executive directors who are part of a committee formed by the Board of Directors shall receive remuneration per committee meeting attended by them. This amount shall also be 20% higher for the respective Chairmen.

B. Remuneration policy for the management team

Based on the advice of the Appointments and Remuneration Committee, the Board of Directors determines the remuneration policy for the members of the management team. The aim of this policy is to attract, retain and motivate knowledgeable people.

The amount of the remuneration shall take into account the individual tasks and responsibilities of the members of the management team. The General Manager may refer such a package to the Appointments and Remuneration Committee. The remuneration package of members of the management team may be fixed, variable or a combination of the two.

C. Contracts of the General Manager and other members of the management team

The necessary stipulations regarding the criteria for the determination of the variable remuneration and premature termination are included in the agreements concluded after 1 July 2009. These contracts clearly state that the severance pay granted in the event of early termination of the contract must not exceed 12 months of basic and variable remuneration; a higher remuneration will be granted if the statutory provisions concerning employment law justify this.

D. Disclosure of remuneration policy

Aquafin complies with all regulations and recommendations concerning the disclosure of remuneration to directors and members of the management team. The remuneration report is included in the CG Statement with the annual report and contains the following information as a minimum:

- a description of the procedure followed for the development of a remuneration policy for non-executive directors and for members of the management team
- a description of the procedure followed for the determination of the level of remuneration for non-executive directors and for members of the management team
- a statement concerning the remuneration policy followed during the financial year for members of the management team. If the Company has materially deviated from its remuneration policy during the financial year in question, this is explained.
- on an individual basis, the amount of the remuneration and other benefits granted directly or indirectly by the Company, or by any entity belonging to the same group, to each non-executive director.
- the total amount of the remuneration and other benefits granted directly or indirectly by the Company or by any entity belonging to the same group, to the members of the management team. When disclosing this information, a distinction is made between:
 - basic salary:
 - variable remuneration: all bonuses, indicating the form in which they are paid
 - other components of the remuneration, such as insurance costs, benefits in kind, etc.
- if members of the management team are eligible for bonuses based on the performance of the Company, the criteria for the evaluation of performance achieved against targets, as well as the evaluation period.
- for all members of the management team, on an individual basis, the number and key features of shares, share options or any other rights to acquire shares, granted, exercised or lapsed during the financial year covered by the annual report.
- for all contracts as from 1 July 2009, with regard to the appointment of the Managing Director or another member of the management team, providing for a severance payment of more than 12 months' basic and variable remuneration, the circumstances under which such higher severance payments can be made shall be specified on an individual basis.
- a statement concerning derogations from the provisions of the CG Code concerning the remuneration policy.

Appendix 2: Guidelines regarding conflicts of interest and integrity policy

A. Conflicts of interest involving Directors

Each director shall arrange his personal and business affairs so as to avoid direct and indirect conflicts of interest with the Company. Transactions between the Company and its directors shall take place at arm's length. Each director shall act in accordance with the principles of reasonableness and fairness.

If a director has a direct or indirect interest of a financial nature that conflicts with a decision or transaction within the powers of the Board of Directors, the procedure in accordance with article 7:96 CAC shall be followed.

The Board of Directors shall specify in the minutes the nature of the decision or transaction concerned and the financial consequences of this for the company and be accountable for the decision taken. This part of the minutes shall be included in full in the annual report or in a document filed together with the annual report.

When a director has a conflict of interest that is not the same as a conflict of interest as described in article 7:96 CAC regarding a matter falling within the remit of the Board of Directors and about which it will have to take a decision, the director in question shall inform the other members of this in advance. In such a case, the director in question shall not take part in the deliberations and decision-making. Such a conflict of interest applies in the case of an operation or a decision related to a director where the director or one of his or her close relatives acts a manager or director within a company that is not affiliated with the Company.

B. Conflicts of interest involving the Management Team

Each member of the management team shall arrange his personal and business affairs so as to avoid direct and indirect conflicts of interest with the Company. Transactions between the Company and members of the management team shall take place at arm's length. Each member of the management team shall act in accordance with the principles of reasonableness and fairness.

If a member of the management team has a direct or indirect interest of a financial nature or otherwise that conflicts with a decision or transaction within the powers of the management team, and regarding which it has to make a decision, the member in question shall inform the other members of this in advance. In this case, the management team shall remain authorised to approve the decision or the transaction and the member of the managing board in question shall not take part in the deliberations and decision-making. The management team shall inform the Board of Directors of the conflict of interest and the decision reached. Such a conflict of interest applies in the case of a transaction or a decision where a member or one of his or her close relatives acts a manager or director within a company that is not affiliated with the Company. For this purpose, close relative means relative in the first degree.

C. Integrity policy and reporting procedure

The application of the principles of good governance forms an explicit part of the Company's policy. Consequently, directors, members of the management team, managers and members of staff are expected to act in accordance with the highest standards regarding ethical behaviour and integrity. In view of this, the integrity policy has been drawn up to serve as a guide for the consideration of actions and the values and system of standards within which this should take place.

A reporting procedure for integrity violations has been formulated within the integrity policy. According to this procedure, members of staff can express their concerns about possible irregularities regarding financial reporting or other matters in confidence.

Specific arrangements are in place for an independent investigation and appropriate follow-up of such matters, in proportion to the seriousness of the alleged irregularity. Arrangements are also in place for members of staff to inform the Chairman of the Audit Committee directly. In this event, the Audit Committee takes the greatest possible care to ensure the confidentiality of the complaint and the anonymity of the reporter.